

NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION
FOR THE
ASSEMBLED WATCH
INDUSTRY

AS APPROVED ON AUGUST 27, 1934



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Approved Code No. 510

CODE OF FAIR COMPETITION
FOR THE
ASSEMBLED WATCH INDUSTRY

As Approved on August 27, 1934

ORDER

**APPROVING CODE OF FAIR COMPETITION FOR THE ASSEMBLED WATCH
INDUSTRY**

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of a Code of Fair Competition for the Assembled Watch Industry, and hearing having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been duly made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate by reference said annexed report and do find that said Code complies in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act; and do hereby order that said Code of Fair Competition be and it is hereby approved; provided, however, that the following changes be and the same hereby are made:

(1) That Section 9, Article VIII be deleted and in lieu thereof the following paragraph be, and it is hereby inserted:

"No member of the Industry shall permit the return of any watch or watch movement after 60 days from the date of invoice, except for defects of material or workmanship."

(2) That Section 14, Article VIII be amended to read as follows:

"No member of the Industry shall attempt to induce the breach of an existing contract between a competitor and his customer or source of supply; nor shall any such member interfere with or obstruct the performance of such contractual duties or services."

(3) That Section 2, Article III be amended to read as follows:

"No member of the Industry shall employ, or cause to be employed, office or clerical employees for more than forty (40) hours per week, averaged over any five (5) weeks' period, provided that

no such employee shall be employed more than forty-eight (48) hours in any one week."

and provided further that within ninety days I may direct that there be a further hearing on such of the provisions of said Code as I may designate, and that any order which I may make after such hearing shall have the effect of a condition on the approval of said Code.

HUGH S. JOHNSON,
Administrator for Industrial Recovery.

Approval recommended:

JOSEPH F. BATTLEY,
Acting Division Administrator.

WASHINGTON, D.C.,
August 27, 1934.

REPORT TO THE PRESIDENT

THE PRESIDENT,
The White House.

SIR: This is a report on the Code of Fair Competition for the Assembled Watch Industry, the hearing having been conducted in Washington on March 15, 1934, in accordance with the provisions of Title I of the National Industrial Recovery Act. The sponsoring association claims to represent 50% of the members of the Industry, whose members do 80% of the total volume of business in the Industry.

HOURS AND WAGES

This Code provides that no employee shall work more than forty (40) hours in any one (1) week nor more than eight (8) hours in any twenty-four (24) hour period nor more than six (6) days in any seven (7) day period, except during peak periods. During the months of September, October, November and December employees may be permitted to work not to exceed more than forty-eight (48) hours in any one (1) week provided further, that such employees shall receive at least one and one-half ($1\frac{1}{2}$) times their respective rates of pay for overtime in excess of forty (40) hours in any one (1) week. Office and clerical employees may work not more than forty (40) hours per week averaged over a period of three (3) months, provided further that such employees shall not be employed more than forty-eight (48) hours in any one (1) week and that no hours worked by such employees shall exceed five hundred twenty (520) hours in any thirteen (13) weeks period. Exception is made to those in a managerial or executive capacity who earn thirty-five (\$35.00) dollars or more per week, and to traveling salesmen. The minimum rate of pay for all employees is forty (40¢) cents per hour except for learners and office boys and girls, who shall receive 80% of the minimum. Office and clerical employees shall be paid not less than fourteen (\$14.00) dollars per week.

FINDINGS

The Deputy Administrator in his final report to me on said Code, having found as herein set forth and on the basis of all the proceedings in this matter;

I find that:

(a) Said Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups,

by inducing and maintaining united action of labor and management under adequate governmental sanctions and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said Industry normally employs not more than 50,000 employees; it is not classified by me as a major industry.

(c) The Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof; and that the applicant association is an industrial association truly representative of the aforesaid Industry; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said Code.

For these reasons, I have approved this Code.

Respectfully,

HUGH S. JOHNSON,
Administrator.

AUGUST 27, 1934.

CODE OF FAIR COMPETITION FOR THE ASSEMBLED WATCH INDUSTRY

ARTICLE I—PURPOSES

SECTION 1. To effectuate the policies of Title I of the National Industrial Recovery Act, this Code is established as a Code of Fair Competition for the Assembled Watch Industry, and shall be the standard of fair competition for such industry and shall be binding upon every member thereof.

ARTICLE II—DEFINITIONS

SECTION 1. The term "industry", as used herein, includes all enterprises engaged in the importing and/or assembling of imported watches, watch cases, watch movements or parts thereof; also purchasers for resale of imported watches and/or movements which may be confiscated and offered for sale by the United States Government.

SECTION 2. The term "member of the industry" includes, but without limitation, any individual, partnership, association, corporation, or other form of enterprise engaged in the industry, either as an employer or on his or its own behalf.

SECTION 3. The term "employee" as used herein includes any and all persons engaged in the industry, however compensated, except a member of the industry.

SECTION 4. The term "employer" as used herein includes any one by whom such employee is compensated or employed.

SECTION 5. The terms "President", "Act" and "Administrator" as used herein mean respectively, the President of the United States, the National Industrial Recovery Act and the Administrator of Title I of said Act.

ARTICLE III—HOURS

SECTION 1. No employee shall be permitted to work more than forty (40) hours in any one (1) week or eight (8) hours in any twenty-four (24) hour period, except as hereinafter provided. No employee shall be permitted to work more than six (6) days in any seven (7) day period. A normal work day shall not exceed eight (8) hours. During the seasonal peak periods, during the months of September, October, November and December, employees may be permitted to work not to exceed forty-eight (48) hours in any one (1) week only when the Code Authority has granted such permission, but provided further, that such employees shall receive at least one and one-half ($1\frac{1}{2}$) times their respective rates of pay for overtime in excess of forty (40) hours in any one (1) week, or 8 hours in any 24 hour period.

SECTION 2. No member of the industry shall employ, or cause to be employed, office or clerical employees for more than forty (40) hours per week, averaged over any consecutive three (3) months' period, provided that no such employee shall be employed more than forty-eight (48) hours in any one week; and provided further that the total number of hours worked by such employee shall not exceed five hundred and twenty (520) hours in any thirteen (13) weeks' period.¹

SECTION 3. The provisions of this Article shall not apply to traveling salesmen or to employees engaged in emergency maintenance or emergency repair work, or to persons employed in a managerial or executive or supervisory or examining capacity who earn regularly thirty-five (\$35.00) dollars per week or more; provided, however, that employees engaged in emergency maintenance and emergency repair work shall be paid at one and one-half (1½) times their normal hourly rate for all hours worked in excess of forty (40) hours per week and eight (8) hours per day.

SECTION 4. No employer shall knowingly permit any employee to work for any time which, when added to the time spent at work for another employer or employers, exceeds the maximum permitted herein.

SECTION 5. Watchmen may be permitted to work a maximum of fifty-six (56) hours per week, but no watchman shall be employed more than six (6) days in any seven (7) day period.

SECTION 6. Members or officers of members of the industry when doing productive work shall be restricted to the same hours as employees.

ARTICLE IV—WAGES

SECTION 1. No employee, except as otherwise provided, shall be paid less than forty (40) cents per hour.

SECTION 2. Office and clerical employees shall be paid not less than fourteen (\$14.00) dollars per week.

SECTION 3. (a) Persons learning an occupation shall be paid not less than eighty per cent (80%) of the minimum wage which prevails in such occupation, but in no case less than eighty per cent (80%) of the minimum prescribed in this Code. Learners shall not be employed as such for a period in excess of twelve (12) weeks irrespective of whether they are or have been employed by one or more employers.

(b) Office boys and girls shall be paid at not less than eighty per cent (80%) of the minimum rate as herein provided. (Office boys and girls and learners shall not at any time exceed five per cent (5%) of the total number of employees, provided, however, that each employer shall be entitled to at least one.)

SECTION 4. The minimum rate of pay shall be paid irrespective of whether an employee is actually compensated on a time rate, piece-work, or other basis.

SECTION 5. Equitable adjustment of compensation of employees receiving more than the minimum rates of pay shall be made by all employers who have not heretofore made such adjustments, and all employers shall within sixty (60) days after the effective date

¹ Amended. See paragraph 2 (3) of order approving this Code.

of this Code, report in full to the Code Authority, for submission to the Administrator, the action taken in pursuance of this provision, provided, however, that in no event shall hourly, weekly or piece-work rates be reduced.

SECTION 6. Female employees performing substantially the same work as male employees shall receive the same rate of pay as male employees.

SECTION 7. A person whose earning capacity is limited because of age, physical or mental handicap, or other infirmity, may be employed on light work at a wage below the minimum established by this Code, if the employer obtains from the state authority, designated by the United States Department of Labor, a certificate authorizing such person's employment at such wages and for such hours as shall be stated in the certificate. Such authority shall be guided by the instructions of the United States Department of Labor in issuing certificates to such persons. Each employer shall file monthly with the Code Authority a list of all such persons employed by him, showing the wages paid to, and the maximum hours of work for such employee.

SECTION 8. Wages shall be paid at least semimonthly in lawful currency or by negotiable check therefor payable on demand. These wages shall be exempt from any payment, pensions, insurance or sick benefits, other than those voluntarily paid by the wage earner or required by law.

ARTICLE V—GENERAL LABOR PROVISIONS

SECTION 1. No person under sixteen (16) years of age shall be employed in the industry. No person under eighteen (18) years of age shall be employed at operations or occupations which are hazardous in nature or dangerous to health. The Code Authority shall submit to the Administrator within sixty (60) days after the effective date, a list of such operations or occupations. In any State a member of the industry shall be deemed to have complied with this provision as to age if he shall have on file a certificate or permit duly signed by the Authority in such State empowered to issue employment or age certificates or permits showing that the employee is of the required age.

PROVISIONS FROM THE ACT

SECTION 2. It is hereby provided:

(a) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(b) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing, and

(c) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

SECTION 3. Members of the industry shall not reclassify employees or duties of occupations performed, or engage in any other subterfuge for the purpose of defeating the purposes or provisions of the Act or of this Code.

SECTION 4. Every employer shall provide for the safety and health of employees during the hours and at the places of their employment. Standards for safety and health shall be submitted by the Code Authority to the Administrator within six (6) months after the effective date of this Code.

SECTION 5. No provisions in this Code shall supersede any State or Federal law which imposes on members of the industry more stringent requirements as to age of employees, wages, hours of work, or as to safety, health, sanitary or general working conditions, or insurance or fire protection, than are imposed by this Code.

SECTION 6. All members of the industry shall post and keep posted complete copies of the wage and hour and general labor provisions of this Code in conspicuous places accessible to employees. Every member in the industry shall comply with all the rules and regulations relative to the posting of the provisions of the Code of Fair Competition which may from time to time be prescribed by the Administrator.

SECTION 7. (1) A person may be permitted to engage in homework at the same rate of wages as is paid for the same type of work performed in the factory or other regular place of business if a certificate is obtained from the State authority or other officer designated by the United States Department of Labor, such certificate to be granted in accordance with instructions issued by the United States Department of Labor, provided:

(a) Such person is physically incapacitated for work in a factory or other regular place of business and is free from any contagious disease; or

(b) Such person is unable to leave home because his or her services are absolutely essential for attendance on a person who is bedridden or an invalid and both such persons are free from any contagious disease.

(2) Any employer engaging such a person shall keep such certificate on file and shall file with the Code Authority for the trade or industry or subdivision thereof concerned the name and address of each worker so certificated.

SECTION 8. No employer shall dismiss or demote any employee for making a complaint or giving evidence with respect to an alleged violation of the provisions of this Code.

ARTICLE VI—ORGANIZATION, POWERS, AND DUTIES OF THE CODE AUTHORITY

ORGANIZATION AND CONSTITUTION

SECTION 1. A Code Authority is hereby established to cooperate with the Administrator of this Code and shall consist of seven (7) members of the industry elected through a fair method of selection approved by the Administrator.

SECTION 2. Vacancies in the personnel of the Code Authority selected by the industry shall be filled by the remaining members of the Code Authority subject to the approval of the Administrator.

SECTION 3. In addition to membership as above provided, there may be three (3) members, without vote, to be known as Administration members, to be appointed by the Administrator to serve for such terms as he may specify, without compensation from the industry.

SECTION 4. Each trade or industrial association directly or indirectly participating in the selection or activities of the Code Authority shall (1) impose no inequitable restriction on membership, and (2) submit to the Administrator true copies of its articles of association, by-laws, regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the Administrator may deem necessary to effectuate the purposes of the Act.

SECTION 5. In order that the Code Authority shall at all times be truly representative of the industry and in other respects comply with the provisions of the Act, the Administrator may prescribe such hearings as he may deem proper; and thereafter if he shall find that the Code Authority is not truly representative or does not in other respects comply with the provisions of the Act, may require an appropriate modification of the Code Authority.

SECTION 6. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purpose. Nor shall any member of the Code Authority be liable in any manner to any one for any act of any other member, officer, agent or employee of the Code Authority. Nor shall any member of the Code Authority, exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under this Code, except for his own wilful malfeasance or non-feasance.

SECTION 7. If the Administrator shall at any time determine that any action of the Code Authority or any agency thereof may be unfair or unjust or contrary to the public interest, the Administrator may require that such action be suspended pending final action, in order to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency. Final action shall not be effective unless the Administrator approves or unless he shall fail to disapprove after thirty (30) days' notice to him of intention to proceed with such action in its original or modified form.

SECTION 8. The Assembled Watch Industry Code Authority may incorporate under the laws of any State of the United States or of the District of Columbia, or may assume or adopt such existing corporate form under any of such laws as it may deem appropriate for the proper performance, as and from the effective date, of its activities, powers and duties hereunder, such corporation or corporate form to be not for profit and to be known as the Assembled Watch Industry Code Authority, Incorporated; provided that the powers, duties, objects and purposes of the said corporation shall, to the satisfaction of the Administrator, be limited to the powers, duties, objects and purposes of the Assembled Watch Industry Code

Authority as provided in this Code; provided further, that the existence of the said corporation shall be during the term of the Code; and provided, further, that the Code Authority shall submit to the Administrator, for his approval, its proposed Certificate of Incorporation and proposed By-laws, and no amendments of either shall be made without the like prior approval of the Administrator; and provided, further, that the Code Authority shall submit, with its proposed Certificate of Incorporation and Bylaws, the written opinion of an attorney-at-law qualified in and conversant with the laws of the jurisdiction in which the Code Authority seeks to be incorporated, as to the nature and extent of the jurisdiction, powers and authorities exercisable by the State in question and its agencies over the activities of the Code Authority as a corporation, supporting such opinion by citation of relevant authorities and supplementing the same with a table, certified to be complete, of all laws, statutes and other regulatory provisions governing corporations created pursuant to the laws under which the Code Authority seeks to be incorporated.

If at any time, the Administrator shall determine that the corporate status assumed by the Code Authority is interfering with the proper exercise of its powers and duties under this Code, or with the effectuation of the policies or purposes of the Act, he may, after such notice and hearing as he may deem necessary, require an appropriate modification of the structure of the Corporation, (if consistent with the law of the State of Incorporation) the substitution of a corporation created under the laws of another State in the same manner as the existing Code Authority, the substitution of a non-corporate Code Authority truly representative of the industry or such other actions as he may deem expedient.

POWERS AND DUTIES

SECTION 9. Subject to such rules and regulations as may be issued by the Administrator, the Code Authority shall have the following powers and duties, in addition to those authorized by other provisions of this Code.

(a) To insure the execution of the provisions of this Code and provide for the compliance of the industry with the provisions of the Act.

(b) To adopt bylaws and rules and regulations for its procedure.

(c) To obtain from members of the industry such information and reports as are required for the administration of the Code. In addition to information required to be submitted to the Code Authority, members of the industry subject to this Code shall furnish such statistical information as the Administrator shall deem necessary for the purposes recited in Section 3 (a) of the Act to such Federal and State agencies as he may designate; provided nothing in this Code shall relieve any member of the industry of any existing obligation to furnish reports to any government agency. No individual report shall be disclosed to any other member of the industry or to any other party except to such other governmental agencies as may be directed by the Administrator except as hereinafter provided. And except further as provided in the Act, all sta-

tistical and other information, filed or obtained in accordance with the provisions of this Article, shall be confidential and shall be filed with a firm of public accountants in good standing or with such other agency as the Code Authority may designate. No statistical or other information furnished by individual members of the industry shall be disclosed to any other member of the industry (whether or not be he a member of the Code Authority), nor to anyone in the employ of such other member; providing however that such statistical or other information may be disclosed to members of the Code Authority for the purpose of facilitating the administration or enforcement of the Code, but only upon the written consent of one of the Administrator's appointees to the Code Authority.

(d) To use such trade associations and other agencies as it deems proper for the carrying out of any of its activities provided for herein, provided that nothing herein shall relieve the Code Authority of its duties or responsibilities under this Code and that such trade associations and agencies shall at all times be subject to and comply with the provisions hereof.

(e) To make recommendations to the Administrator for the coordination of the administration of this Code with such other Codes, if any, as may be related to the industry.

To designate representatives to act on a joint committee with representatives of any other Code Authority of a related industry, having reciprocal provisions in its code, to consider questions regarded by either Code Authority as of common concern with reference to the effectuation of the policies of the Act (including questions as to whether the operations of a given concern come within the jurisdiction of this or any other code), and to take such action as they may jointly agree to be appropriate, subject to the veto of the Administrator.

(f) 1. It being found necessary in order to support the administration of this Code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(b) To submit to the Administrator for his approval, subject to such notice and opportunity to be heard as he may deem necessary (1) an itemized budget of its estimated expenses for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the industry;

(c) After such budget and basis of contribution have been approved by the Administrator, to determine and obtain equitable contribution as above set forth by all members of the industry, and to that end, if necessary, to institute legal proceedings therefor in its own name.

2. Each member of the industry shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Administrator. Only mem-

bers of the industry complying with the Code and contributing to the expenses of its administration as hereinabove provided (unless duly exempted from making such contributions), shall be entitled to participate in the selection of members of the Code Authority or to receive the benefits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

3. The Code Authority shall neither incur nor pay any obligation substantially in excess of the amount thereof as estimated in its approved budget; and shall in no event exceed the total amount contained in the approved budget except upon approval of the Administrator; and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates except those which the Administrator shall have so approved.

(g) To recommend to the Administrator further fair trade practice provisions to govern members of the industry in their relations with each other or with other industries, and to recommend to the Administrator measures for industrial planning, including stabilization of employment.

SECTION 10. The Code Authority shall require to such extent, in such form and at such time as may be prescribed by the Code Authority, members of the industry to prepare and file with a firm of public accountants in good standing, to be designated by the Code Authority, such information as may be required by the Administrator in order to record the functioning or observance of this Code, including:

(a) Monthly reports of employment, showing for each employment classification, the average number of employees, and such additional information as is required to establish the observance or non-observance of the wage and hour provisions of this Code;

(b) (1) Monthly reports of complete watch movements (in units) purchased and sold and dollar inventories of parts; (2) month-end inventories of the foregoing with proper description; (3) within two (2) weeks after the effective date of this Code (unless the time in further extended by the Code Authority, such extension however not to exceed thirty (30) days after such effective date), a report containing a complete list of all imported watches or watch movements whether complete or incomplete, and watch cases which the member has in stock or out on memorandum or consignment, or in which he has any direct or indirect ownership; such list to contain a proper description as to size, shape, jewelery, adjustment, and foreign manufacturer's or importer's name and the trade mark or name appearing on the movements. This list shall also contain the dollar value of foreign made parts of watches in the members stock on the effective date of this Code; (4) any other information which the Code Authority may require. Such reports and other information shall be furnished as of such date as the Code Authority may direct.

The foregoing information shall be classified in such manner as the Code Authority may determine, having particularly in view the tracing of imported merchandise (whether imported for own account or purchased from other domestic sources) from the port of entry to the customer.

SECTION 11. Each member of the industry shall keep accurate and complete records of its transactions in the industry whenever such

records may be required under any of the provisions of this Code, and shall furnish accurate reports based upon such records concerning any of such activities when required by the Code Authority or the Administrator. If the Code Authority or the Administrator shall determine that substantial doubt exists as to the accuracy of any such report, so much of the pertinent books, records and papers of such member as may be required for the verification of such report may be examined by an impartial agency, agreed upon between the Code Authority and such member, or, in the absence of agreement, appointed by the Administrator. In no case shall the facts disclosed by such examination be made available in identifiable form to any competitor, whether on the Code Authority or otherwise, or be given any other publication, except such as may be required for the proper administration or enforcement of the provisions of this Code.

SECTION 12. The Code Authority shall consider the problem arising from the practice of smuggling into this country of watches, watch movements, and/or watch cases, and parts of all the foregoing, with a view to reducing, as far as possible (1) the effects of such practice upon the honestly conducted business, whether in this industry or in the domestic watch manufacturing industry, and upon unemployment and wages of such industries; and (2) the cost to the Government arising from loss of import duties and of taxes upon the profits of such industries. The Code Authority shall make recommendations to the Administrator and/or to the other appropriate government authorities, as to forms of record-keeping, both by the importer and the custom's authorities; as to identification of imported merchandise upon which duty has been paid; as to increasing the premium money to informers, and as to the disposal of smuggled merchandise seized by the United States Government.

SECTION 13. (a) Within two (2) weeks of the effective date hereof (unless such time is further extended by the Code Authority, such extension not to exceed thirty (30) days from the effective date of this Code) each member of the industry shall register with the Code Authority the title under which its business is conducted, its business address, and the names and titles of its officers or firm members and shall at that time apply for a mark, insignia, trade mark, or number which the Code Authority shall assign to such member for his exclusive use, and such number, mark, insignia, or trade mark shall appear on all stationery or forms (except those used for internal purposes), and on all watches and watch movements thereafter imported directly or indirectly by such member, as the Code Authority may prescribe.

(b) The Code Authority shall assign to each member of this industry so registered, a registration number for the exclusive use of such member. After one (1) month from the time of such assignment the member's registration number shall appear on all such stationery or other forms (excepting those used for internal purposes) of the member as the Code Authority may direct. Such registration number shall also appear on all watch movements imported by the member after six (6) months from the date of such assignment; but the Code Authority shall, subject to the approval of the Administrator, have the right in specific cases to grant additional time (not exceeding ninety (90) days) for compliance with this provision, on

the presentation of proper proof that a bona fide attempt has been made to comply within the six (6) month period, and that the member, though acting diligently and in good faith, has not been able so to comply.

(c) No mark, insignia, or number, nor any of the marks now required by law to remain upon imported movements shall be effaced, obscured, or changed in any manner after importation.

Section 14. After the effective date of this Code no member of this industry shall order for import any complete watch or watch cases unless he complies with the marking provisions of the Watch Case Manufacturers' Code.

ARTICLE VII—COST AND PRICE CUTTING

SECTION 1. The standards of fair competition for the industry with reference to pricing practices are declared to be as follows:

(a) Wilfully destructive price cutting is an unfair method of competition and is forbidden. Any member of the industry or of any other industry or the customers of either may at any time complain to the Code Authority that any quoted or charged price constitutes unfair competition as destructive price cutting, imperiling small enterprise or tending toward monopoly or the impairment of code wages and working conditions. The Code Authority shall within five (5) days afford an opportunity to the member quoting or charging the price to answer such complaint, and shall within fourteen (14) days make a ruling or adjustment thereon. If such ruling is not concurred in by either party to the complaint, all papers shall be referred to the Research and Planning Division of the National Recovery Administration which shall render a report and recommendation thereon to the Administrator.

(b) When no declared emergency exists as to any given product, there is to be no fixed minimum basis for prices. It is intended that sound cost estimating methods should be used and that consideration should be given to costs in the determination of pricing policies.

(c) When an emergency exists as to any given product, sale below the stated minimum price of such product, in violation of Section 2 hereof, is forbidden.

EMERGENCY PROVISIONS

SECTION 2. (a) If the Administrator, after investigation, shall at any time find both (1) that an emergency has arisen within the industry adversely affecting small enterprises or wages or labor conditions, or tending toward monopoly, or other acute conditions which tend to defeat the purposes of the Act; and (2) that the determination of the stated minimum price for a specified product within the industry for a limited period is necessary to mitigate the conditions constituting such emergency and to effectuate the purposes of the Act, the Code Authority may cause an impartial agency to investigate costs and to recommend to the Administrator a determination of the stated minimum price of the product affected by the emergency and thereupon the Administrator may proceed to determine such stated minimum price.

(b) When the Administrator shall have determined such stated minimum price for a specified product for a stated period, which price shall be reasonably calculated to mitigate the conditions of such emergency and to effectuate the purposes of the National Industrial Recovery Act, he shall publish such price. Thereafter, during such stated period, no member of the industry shall sell such specified products at a net realized price below said stated minimum price and any such sale shall be deemed destructive price cutting. From time to time, the Code Authority may recommend review or reconsideration or the Administrator may cause any determination hereunder to be reviewed or reconsidered and appropriate action taken.

COST FINDING AND ACCOUNTING

The Code Authority shall cause to be formulated methods of cost finding and accounting capable of use by all members of the industry, and shall submit such methods to the Administrator for review. If approved by the Administrator, full information concerning such methods shall be made available to all members of the industry. Thereafter, each member of the industry shall utilize such methods to the extent found practicable. Nothing herein contained shall be construed to permit the Code Authority, any agent thereof, or any member of the industry to suggest uniform additions, percentages or differentials or other uniform items of cost which are designed to bring about arbitrary uniformity of costs or prices.

ARTICLE VIII—TRADE PRACTICE RULES

SECTION 1. No member of the industry shall publish advertising (whether printed, radio, display, or of any other nature), which is misleading or inaccurate in any material particular, nor shall any member in any way misrepresent any goods (including, but without limitation, its use, trade mark, grade, quality, quantity, origin, size, substance, character, nature, finish, material content, or preparation) or credit terms, values, policies, services, or the nature or form of the business conducted.

SECTION 2. All orders and invoices shall include a clear and complete statement of the terms and conditions upon which the transaction was based and no member of the industry shall withhold from or insert in any quotation, order or invoice any statement that shall make it inaccurate in any material particular.

SECTION 3. No member of the industry shall falsely brand or mark or pack any goods in any manner which is intended to or does deceive or mislead purchasers with respect to the brand, grade, quality, quantity, origin, size, substance, character, nature, finish, material content or preparation of such goods.

SECTION 4. No member of the industry shall publish advertising or otherwise circulate statements or inferences which refer inaccurately in any material particular to any competitor's conduct, ability to perform contracts, credit standing, or otherwise, or to such competitor's goods, prices, values, credit terms, policies, or services.

SECTION 5. No member of the industry shall publish or circulate unjustified or unwarranted threats of legal proceedings which tend

to or have the effect of harassing competitors or intimidating their customers.

SECTION 6. No member of the industry shall secretly offer or make any payment or allowance of a rebate, refund, commission, credit, unearned discount, or allowance in excess of those hereinafter specified, whether in the form of money or otherwise, nor shall a member of the industry secretly offer or extend to any customer any special service or privilege not extended to all customers of the same class, for the purpose of influencing a sale.

SECTION 7. No merchandise shall be shipped:

(a) On consignment or memorandum, except upon approval by the Code Authority where peculiar conditions in the industry warrant same and except that products may be so shipped to be shown to a specific customer of the consignee, or to permit selection by the consignee for purposes of stock, provided, however, that unless the consignee shall make report on such products within ten (10) days of receipt thereof, they shall be regularly invoiced on the net basis.

(b) For advertising display purposes, except in accordance with such rules and regulations as may be prescribed by the Code Authority.

SECTION 8. No merchandise shall be accepted for credit or exchange unless defective, demonstrably below sample, or because received after the agreed delivery date, or in other material respects does not conform with the contract of sale, and then only if notice is received from the customer within two (2) weeks of date of receipt of said merchandise by the customer, stating his intentions and the reasons therefor. If found to be defective or below sample, or in other material respects does not conform with the contract of sale, the member of the industry may issue to the customer a credit memorandum or refund monies paid.

SECTION 9. No watch movements shall be repaired for less than the cost of such repairs, unless such repairs are necessitated by defective material and/or workmanship and then only if such merchandise has been returned by the customer within sixty (60) days of receipt thereof from the member of the industry.²

SECTION 10. No member of the industry shall give, permit to be given, or directly or indirectly offer to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent, or representative of another in relation to the business of the employer of such employee, the principal of such agent, or the represented party, without the knowledge of such employer, principal or party. This provision shall not be construed to prohibit free and general distribution of articles commonly used for advertising except so far as such articles are actually used for commercial bribery as hereinabove defined.

SECTION 11. No member of the industry shall dispose of or permit the disposal of second-hand or rebuilt watches, or watches containing second-hand or rebuilt movements, unless there shall be affixed to each such watch a tag stating that the watch is second-hand or rebuilt and requiring that the tag remain affixed until the watch is sold at retail.

² Deleted and substitution made. See paragraph 2 (1) of order approving this Code.

SECTION 12. No member of the industry shall give, permit to be given, or directly offer to give any free watch material or cabinets or display boxes, except to the extent that such watch material may be supplied without charge for purposes of replacing demonstrably defective material previously sold to the recipient.

SECTION 13. No member of the industry shall distribute dealers' helps, such as mailing cards, mailing or counter folders, etc., at a price calculated to reimburse the member for less than fifty per cent (50%) of his out-of-pocket costs. This restriction shall not include window or outside displays, engraving, electrotype, plates, stereotypes, matrices, and the like.

SECTION 14. No member of the industry shall attempt to induce the breach of an existing contract between a competitor and his employee or customer or source of supply; nor shall any such member interfere with or obstruct the performance of such contractual duties or services.³

SECTION 15. No member of the industry shall enter into any agreement, understanding, combination or conspiracy to fix or maintain price terms, nor cause or attempt to cause any member of the industry to change his price terms by the use of intimidation, coercion, or any other influence inconsistent with the maintenance of the free and open market.

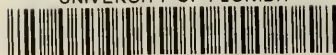
SECTION 16. All prices quoted and all sales made shall be f. o. b. point of shipment.

SECTION 17. On all sales made on or after the effective date hereof, all members of the industry shall adhere strictly to the following conditions:

(a) Terms shall be no more favorable than 2%, 10 days, e.o.m., 60 days net; providing that on shipment made after the 25th day of the month, the member of the industry may date as of the first of the following month, and providing further, that settlements made under the terms of this subsection (a) shall be in cash. Such settlements not discounted under the terms of this subsection (a) may be entitled to anticipation at the rate of 6% per annum, if made before the expiration of the 60-day period. Interest at the rate of 1½% per month shall be charged on all open accounts running beyond such net settlement date.

(b) Where members of the industry require long advance preparations in completing their products, the following terms may be allowed to customers by members of the industry who are wholesaling products valued at \$20.00 or more each wholesale and only with respect to articles so valued; amounts due for merchandise purchased during the six (6) months between January 1 and June 30 (both inclusive) in any year, shall be payable on July 10 of that year; amounts due for merchandise purchased during the six (6) months between July 1 and December 31 (both inclusive) in any year shall be payable on January 10 of the following year; providing, however, that discounts allowed shall not exceed two (2) per cent, and providing further that, where a particular customer avails himself of the provisions of this paragraph (b), he shall not be granted longer terms on purchases of other merchandise within the same six (6) months' period.

³ Amended. See paragraph 2 (2) of order approving this Code.



(c) By agreement with the purchaser prior to shipment, any member of the industry may accept notes in settlement of the account, provided, however, that such notes shall be dated not later than the 10th of the month following such shipment and shall be in the hands of the member at or about the 15th of the month and, provided further, that such note settlement shall not exceed ten (10) monthly notes nor average over five (5) months. If force of circumstances shall require extension of original notes at maturity, interest shall be charged at the rate of six per cent (6%) per annum for such extension, which, however, shall be for not over ninety (90) days.

SECTION 18. No cash discount shall be allowed on any note settlement, nor shall a non-interest bearing note be accepted in payment of a matured obligation. Notes accepted after the net due date with a tolerance of ten (10) days must bear interest from the net due date at a rate not less than six per cent (6%) per annum, or at the legal rate governing the contract if less than six per cent (6%) from the net due date, provided that unsecured and non-interest bearing notes may be accepted from insolvent or financially embarrassed debtors. Notes so accepted shall be immediately reported to the Code Authority.

SECTION 19. No member of the industry shall make allowances and/or donations to customers for advertising purposes or for any other purpose not approved by the Code Authority.

ARTICLE IX—MODIFICATION

SECTION 1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of subsection (b) of Section 10 of the Act, from time to time to cancel or modify any order, approval, license, rule or regulation issued under said Act.

SECTION 2. This Code, except as to provisions required by the Act, may be modified or amended on the basis of experience or changes in circumstances, such modifications or amendments to be based upon application to the Administrator and such notice and hearing as he shall specify, and to become effective on approval of the President, unless otherwise provided.

ARTICLE X—MONOPOLIES, ETC.

SECTION 1. No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

ARTICLE XI—EFFECTIVE DATE

SECTION 1. This Code shall become effective upon the tenth (10th) day after its approval by the Administrator.

Approved Code No. 510.
Registry No. 1208-07.